

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 USIA-15  
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00  
OMB-01 SS-15 STR-07 NSC-05 OES-07 DOE-11 SOE-02  
PA-02 INT-05 /157 W  
-----005668 071606Z /42

R 071538Z MAR 78  
FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC 5466

UNCLAS SECTION 01 OF 02 VIENNA 02170

USOECD  
PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A  
TAGS: OECD, EFIN, ETRD, ELAB, AU  
SUBJECT: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES:  
- AUSTRIA

REF: (A) VIENNA 1875 (B) VIENNA 1287 (C) VIENNA A-042  
- (D) 77 VIENNA A-10

THIS REPORT PROVIDES UPDATED STATISTICS ON AUSTRIAN ECONOMIC INDICATORS TO THE EXTENT THEY WERE AVAILABLE BY FEBRUARY 28, 1978. STATISTICS FORWARDED IN PRECEDING REPORTS, ON WHICH NO NEW DATA HAVE BECOME AVAILABLE, ARE NOT REPEATED. ITEM NUMBERING IS KEYED TO THE INITIAL REPORT.

ECONOMIC INDICATORS:

(A) OUTPUT AND DEMAND

(1) INDUSTRIAL PRODUCTION (1971 100): 12/77: 128.6 --  
- DOWN 1.2 PERCENT FROM 12/76 MAINLY DUE TO A 3.3 PERCENT  
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- CENT DECLINE IN OUTPUT OF INVESTMENT GOODS. BUILDING MATERIALS PRODUCTION WAS DOWN 9 PERCENT LED BY 8.2 PERCENT DROP IN PRIMARY PRODUCTS. OUTPUT OF FINISHED INVESTMENT GOODS WAS OFF 0.2 PERCENT. OVERALL 0.5 PERCENT GAIN IN CONSUMER GOODS SECTORS WAS LIMITED BY A 10.4 PERCENT DROP IN CLOTHING PRODUCTION OVER 12/76 OUTPUT OF DURABLES ROSE 4.4 PERCENT.

- PRELIMINARY 1977 DATA SHOW INDUSTRIAL PRODUCTION WAS
- UP 3.8 OVER 1976 (3.5 PERCENT LESS GAS AND ELECTRICI-
- TY). RAW MATERIALS OUTPUT ROSE ONE PERCENT, ELEC-
- TRICITY 7 PERCENT, INVESTMENT GOODS 2.4 AND CONSUMER
- GOODS 5.4 PERCENT OVER 1976.
- THE AGGREGATE NOMINAL VALUE OF ORDERS ON HAND AMOUNT-
- ED TO AS 88.3 BILLION AT THE END OF 1977, 0.6 PER-
- CENT LESS THAN A YEAR AGO. FOREIGN ORDERS TOTALED
- AS\$2.7 BILLION (DOWN 3.4 PERCENT). MACHINERY ORDERS
- STILL DOMINATE, TALLING AS\$40.9 BILLION, DOWN 8.6
- PERCENT FROM 1976. OF THIS, AS\$27.0 (MINUS 11.3 PER-
- CENT) WERE FOREIGN ORDERS. ORDERS WERE DOWN FOR
- CLOTHING (MINUS 32.5 PERCENT) LEATHER PRODUCTS (MINUS
- 16.2 PERCENT) TEXTILES (MINUS 8.6 PERCENT) AND PAPER
- PRODUCTS (MINUS 7.2 PERCENT) WHILE ORDERS WERE UP
- FOR GLASS (22.9 PERCENT), ELECTRIC PRODUCTS (17.0
- PERCENT) AND THE LEATHER PROCESSING INDUSTRY (15.9
- PERCENT).

(4) OUTPUT OF IMPORTANT PRODUCTS (1971 100): 12/77:

- MINING: 89.5 -- 5.9 PERCENT LESS THAN 12/76; PETROL-
  - EUM: 123.9 -- UP 6.8 PERCENT; IRON: 90.8 -- MINUS
  - 15.0 PERCENT; CHEMICAL: 144.8 -- UP 2.1 PERCENT FROM
  - 12/76. ON AN ANNUAL AVERAGE BASIS, IN 1977 INDIVI-
  - DUAL INDUSTRY BRANCHES DEVELOPED AS FOLLOWS (FIRST
  - FIGURE SHOWS AVERAGE ANNUAL INDEX FOR 1977, PRELIMIN-
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- ARY; SECOND FIGURE REFLECTS PERCENT CHANGE OVER 1976
- PRELIMINARY AVERAGE): MINING 112.9, MINUS 7.0; MAG-
- NESITE 67.6, MINUS 11.2; PETROLEUM 101.4, MINUS 2.9;
- IRON 105.4, MINUS 5.0; NON-FERROUS METALS 132.1, UP
- 2.4; STONE, CERAMICS 114.5, 3.5; GLASS 110.3, 6.5;
- CHEMICALS 147.1, 6.7; PAPER 129.0, 1.7; PAPER PRO-
- CESSING 116.1, 1.9; WOOD PROCESSING 142.4, 9.2; FOOD-
- STUFFS 119.1, 3.2; TOBACCO 107.1, 2.2; LEATHER 91.8,
- 7.5; LEATHER PROCESSING 113.9, 6.8; TEXTILES 101.2,
- 2.2; CLOTHING 107.7, MINUS 1.7; FOUNDRIES 90.8, MINUS
- 2.7; MACHINERY 121.7, 2.4; VEHICLES 121.5, 9.2; IRON
- AND METAL WORKING 123.9, 6.0; ELECTRIC 147.5, 7.4;
- THUS, OF 22 INDUSTRY BRANCHES, 6 REPORTED A DECLINE,
- AND 16 AN INCREASE IN OUTPUT OVER 1976.

(B) PRICE INDICES

- (1) CPI (1976 100): 1/78: 107.6 -- UP 1.0 PERCENT FROM
- 12/77 AND 4.0 PERCENT HIGHER THAN 1/77, REFLECTING
  - LOWEST ANNUAL RATE OF INCREASE SINCE APRIL 1970.

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(C) MONEY SUPPLY

- (1) M1 (AS BILLION): 1/78: 149.0 -- DOWN 3.1 PERCENT FROM
- 12/77 BUT 6.1 PERCENT ABOVE 1/77. COMPARED WITH
  - CORRESPONDING RATES OF A YEAR EARLIER OF MINUS 4.4
  - PERCENT VIS A VIS 12/76 AND PLUS 5.6 PERCENT VERSUS
  - 1/76, THE SEASONAL TURN-OF-THE-YEAR DECLINE OF THE
  - MONEY VOLUME WAS Milder THIS YEAR THAN LAST.
- (2) M2 (AS BILLION): 1/78: 199.1

- (3) REPRESENTATIVE SHORT TERM INTEREST RATE: 2/78: CEN-
- TRAL BANK RATE UNCHANGED AT 5.5 PERCENT. FOLLOWING
  - A SLIGHT DECLINE TOWARD THE END OF 1977 OF SHORT-TERM
  - MONEY MARKET RATES, REFLECTING TEMPORARY RELAXATION

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- OF LIQUIDITY STRAINS IN THE WAKE OF STEPPED UP CAP-
- ITAL IMPORTS, THE UPWARD PRESSURE ON MONEY AND CREDIT
- COSTS WAS RESUMED EARLY THIS YEAR. SHORT-TERM MONEY
- RATES REACHED 8.75 PERCENT IN 1/78 AND CLIMBED TO
- OVER 9 PERCENT IN 2/78, THUS SURPASSING LONG-TERM
- BOND YIELDS ON THE SECONDARY MARKET. IN VIEW OF THE
- BANKS' FAILURE TO COMPLY WITH THE FINANCE MINISTER'S
- REPEATED APPEALS FOR A LOWERING OF INTEREST RATES
- BANKS ARE PAYING ON LARGE SIZE DEPOSITS AND CHARGE
- FOR CREDITS AND LOANS, MONETARY AUTHORITIES ARE EX-
- PECTED TO TAKE CONCERTED ACTION, POSSIBLY AROUND MID-
- MARCH, DESIGNED TO BRING DOMESTIC INTEREST LEVELS FOR
- DEPOSITS, CREDITS AND LONG TERM BONDS MORE CLOSELY IN
- LINE WITH THE SUBSTANTIALLY LOWER LEVELS PREVAILING
- IN AUSTRIA'S MOST IMPORTANT TRADING PARTNER COUNTRIES
- NOTABLY FRG AND SWITZERLAND. NEVERTHELESS, ACCORDING
- TO THE NEW AUSTRIAN NATIONAL BANK PRESIDENT KOREN, A

- RELAXATION OF THE CURRENT RESTRICTIVE MONETARY POLICY
  - IS NOT BEING CONSIDERED NOW. THE RELATIVE IMPROVE-
  - MENT EXPECTED IN THE COUNTRY'S PAYMENTS BALANCE AND
  - THE RECOVERY OF SAVINGS ACTIVITIES (NET INCREASE IN
  - SAVINGS DEPOSITS IN 1/78 WAS ALMOST TWICE AS HIGH AS
  - 1/77) ARE BELIEVED TO PROVIDE ADEQUATE LIQUIDITY TO
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- PERMIT THE BANKS TO LOWER MONEY AND CREDIT RATES.

(E) LABOR

- (4) WAGE INDEX (1956 100): 11/77: 853.7 -- UP 7.8 PER-
- CENT FROM 11/76. 1/78 COLLECTIVE MINIMUM WAGES EX-
  - CEDED YEAR-AGO LEVELS BY 7.9 PERCENT AND 8.8 PERCENT
  - FOR INDUSTRIAL BLUE AND WHITE COLLAR WORKERS, RESPEC-
  - TIVELY. COLLECTIVE MINIMUM WAGES ON A COUNTRY-WIDE
  - BASIS ROSE 8.1 PERCENT IN 1/78, COMPARED WITH IN-
  - CREASES OF 6.9 PERCENT AND 7.0 PERCENT IN 12/77 AND
  - 11/77 OVER YEAR AGO LEVELS. THE JAN-DEC 1977 AVER-
  - AGE ANNUAL RISE OF 8.2 PERCENT HAD SLOWED DOWN FROM
  - THE 10.1 PERCENT RATE OF 1977 AND IS ESTIMATED TO
  - DECLINE FURTHER IN 1978. THE WAGE ROUND WHICH HAD
  - STARTED LAST FALL PROVIDED FOR A SERIES OF CHANGES
  - IN COLLECTIVE AGREEMENTS EFFECTIVE 1/78. BASIC
  - SALARIES IN THE CIVIL SERVICE WERE INCREASED BY AN
  - AVERAGE OF 8.2 PERCENT, WITH SIMILAR GAINS OBTAINED
  - BY PERSONNEL OF THE VIENNA MUNICIPAL UTILITY ENTER-
  - PRISES AND OF PRIVATE RAILROADS. MINIMUM WAGES OF
  - WORKERS IN COMMERCE, THE TEXTILE INDUSTRY, AND IN
  - MOST BANKS WERE INCREASED BY ABOUT 6 PERCENT. NE-
  - GOTIATIONS ON NEW WAGE AGREEMENTS FOR THE MAJORITY
  - OF IMPORTANT EMPLOYMENT GROUPS IN INDUSTRY (NOTABLY
  - IN THE METAL AND THE CONSTRUCTION SECTORS) WILL NOT
  - BE DUE FOR FINAL SETTLEMENT FOR ANOTHER COUPLE OF
  - MONTHS.

(F) TRADE AND PAYMENTS

- (6) FOREIGN EXCHANGE RESERVES (AS MILLION EQUIVALENTS):
- 1/78: OFFICIAL RESERVES 59,151 INCLUDING 18,023 OF
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- GOLD, AND 33,541 NET FOREIGN EXCHANGE. THIS WAS
- AS\$8.3 BILLION OR 12.3 PERCENT LOWER THAN 1/77. COM-
- PARISON WITH END-77 FIGURE OF AS\$67,450 MISLEADING

- BECAUSE OF AS8.1 BILLION SWAP BETWEEN AUSTRIAN
- NATIONAL BANK AND COMMERCIAL BANKS OVER THE TURN OF
- THE YEAR (REF C). WOLF

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## Message Attributes

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**Control Number:** n/a  
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**Disposition Approved on Date:**  
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**TAGS:** EFIN, ETRD, ELAB, AU, OECD  
**To:** STATE  
**Type:** TE  
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